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SUBJECT: PROBLEM WITH BTC PIPELINE IN TURKEY UNLIKELY TO
CAUSE HALT IN PRODUCTION

1. (SBU) According to press reports, an explosion took place on August 6 at 0200 on a section of the Baku-Tbilisi-Ceyhan (BTC) pipeline located in a remote, mountainous area in eastern Turkey. Murat Heydarov, who is the Advisor to the President for the State Oil Company of Azerbaijan (SOCAR), told the Embassy that the Turkish energy company BOTAS is the operator of the pipeline on Turkish territory; otherwise a BTC consortium led by British Petroleum operates the pipeline in Azerbaijan and Georgia. SOCAR has been in contact with BOTAS, which initially reported a fire at a pumping station instead of an explosion. Although the fire was likely caused by a technical problem, BOTAS had not ruled out the possibility of sabotage.

2. (SBU) According to a spokesperson for British Petroleum in Azerbaijan, the affected section of the pipeline has been closed and oil transport along the BTC has stopped. Approximately 70,000 barrels is at risk near the accident site, either at risk of a spill or burning. However, the BP spokesperson noted that oil production from Azerbaijan's Azeri-Chirag-Guneshli (ACG) field has not been affected.

3. (SBU) SOCAR confirmed that production is continuing despite the halt in transport along the BTC. Heydarov reported that AzPetrol storage tanks at the Sangachal Terminal can hold up to three days of production. Diversion of some oil production through the recently reopened Baku-Supsa pipeline (Georgia-Black Sea), the Novorossiysk pipeline (Russia-Black Sea), or by rail transport to Batumi (Georgia-Black Sea) is being examined as well. Given that the BP spokesperson in Azerbaijan is quoted in the press as saying that the pipeline will be repaired within hours as opposed to days and the plans for storage and diversion, production seems unlikely at this point to be affected by the pipeline fire.
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